

## Message Text

CONFIDENTIAL

PAGE 01 NASSAU 00648 212135Z

62

ACTION ARA-10

INFO OCT-01 ISO-00 TRSE-00 EB-07 FRB-03 COME-00 L-03

CIAE-00 INR-07 NSAE-00 SP-02 SCS-03 /036 W

----- 037110

R 211730Z APR 76

FM AMEMBASSY NASSAU

TO SECSTATE WASHDC 8084

C O N F I D E N T I A L NASSAU 0648

E.O. 11652: GDS

TAGS: EFIN CFED BF

SUBJ: IRS ACTIVITIES IN THE BAHAMAS

REF: (A) NASSAU 0533 (B) NASSAU 0554

1. APRIL 17 EDITION OF WEEKLY PLP ORGAN, THE HERALD, CARRIES LEAD EDITORIAL ENTITLED, "NATIONAL INTERESTS" STATING THAT TWO MOST IMPORTANT NATIONAL INTERESTS OF THE BAHAMAS ARE LAW OF THE SEA RIGHTS AND THE NATION'S FINANCIAL STRUCTURE. WITH REGARD TO LATTER, IT GOES ON TO SAY THAT "DURING THE PAST FEW WEEKS REPORTS HAVE CONTINUED TO CIRCULATE WITHIN THE FINANCIAL COMMUNITY THAT AGENTS OF THE U.S. INTERNAL REVENUE SERVICE HAVE MADE CERTAIN PENETRATION IN THE CORPORATE AND BANKING CIRCLES IN NASSAU." QUOTING FROM A SPEECH ON TAX HAVENS GIVEN EARLIER THIS YEAR IN NASSAU BY MARSHALL J. LANGER WHO STATED THAT NEITHER THE U.S. NOR THE EUROPEAN COMMUNITY WILL TOLERATE THE CONTINUED USE OF BANK SECRECY AND TAX HAVENS TO THWART THEM IN THE COLLECTION OF TAXES, EDITORIAL STATES "BUT, WE MIGHT ADD, NOR IS ANY SOVEREIGN STATE GOING TO TOLERATE ANY ABUSES OF ITS SOVEREIGNTY IN SO VITAL AN AREA OF ITS ECONOMY BY ALLOWING FOREIGN REVENUE AGENTS TO OPERATE COVERTLY OR OTHERWISE." IT THEN MENTIONS THAT THE DEPUTY DIRECTOR OF THE CENTRAL BANK OF THE BAHAMAS HAD RECENTLY CALLED FOR A TIGHTENING OF BANKING LAWS TO FURTHER STRENGTHEN CREDIBILITY AND RESPECT IN INTERNATIONAL FINANCIAL CIRCLES AND ENDS ON

CONFIDENTIAL

CONFIDENTIAL

PAGE 02 NASSAU 00648 212135Z

THE STRIDENT TONE THAT "WHILE TIGHTENING

THE LAWS AGAINST THE REPORTING OF FINANCIAL INFORMATION  
WE CONSIDER THAT STRICTER STATUTORY AUTHORITY SHOULD ALSO  
BE SOUGHT FOR MOVING AGAINST INDIVIDUALS ATTEMPTING TO  
SOLICIT SUCH INFORMATION. NEITHER THE IRS OR ANY OTHER  
GOVERNMENT AGENCY OF A FOREIGN POWER IS GOING TO HAVE THE  
FREEDOM TO PROBE AT WILL INTO THE FINANCIAL CENTERS OF  
THIS COUNTRY. THERE MAY AS WELL BE A CLEAR AND MUTUAL  
UNDERSTANDING OF THIS IRREDUCIBLE QUOTIENT OF OUR RELATION-  
SHIP WITH THE OUTSIDE WORLD."

2. COMMENT: AS EMBASSY NOTED IN NASSAU'S A-19, THE HERALD  
IS THE MOUTHPIECE OF THE RULING PLP AND IT CONVEYS THE PARTY  
LINE. FOR THE PARTY AND FOR THE GOVERNMENT, IRS ACTIVITIES,  
PAST AND PRESENT, CONTINUE TO BE OF MAJOR INTEREST AND  
CONCERN AS EDITORIAL HAS ONCE AGAIN MADE PATENTLY CLEAR.  
EMBASSY REQUESTS DEPARTMENT'S EARLY APPROVAL OF OUR DRAFT  
RESPONSE TO GCOB ON PAST ACTIVITIES OF IRS IN BAHAMAS  
(REFTEL A), OR ACCEPTABLE ALTERNATIVE, AS WELL AS  
DEPARTMENT'S VIEWS ON PROCEDURES AND INTERIM ARRANGEMENT  
FOR IRS OPERATIONS HERE IN THE FUTURE AS OUTLINED IN  
REFTEL B.

WEISS

CONFIDENTIAL

NNN

## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** BANKS, INVESTIGATIONS, TAX COLLECTIONS  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 21 APR 1976  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** coburnhl  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1976NASSAU00648  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** GS  
**Errors:** N/A  
**Film Number:** D760151-0633  
**From:** NASSAU  
**Handling Restrictions:** n/a  
**Image Path:**  
**ISecure:** 1  
**Legacy Key:** link1976/newtext/t19760439/aaaabgwi.tel  
**Line Count:** 83  
**Locator:** TEXT ON-LINE, ON MICROFILM  
**Office:** ACTION ARA  
**Original Classification:** CONFIDENTIAL  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 2  
**Previous Channel Indicators:** n/a  
**Previous Classification:** CONFIDENTIAL  
**Previous Handling Restrictions:** n/a  
**Reference:** 76 NASSAU 533, 76 NASSAU 554  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** coburnhl  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 07 JUL 2004  
**Review Event:**  
**Review Exemptions:** n/a  
**Review History:** RELEASED <07 JUL 2004 by saccheem>; APPROVED <20 OCT 2004 by coburnhl>  
**Review Markings:**

Margaret P. Grafeld  
Declassified/Released  
US Department of State  
EO Systematic Review  
04 MAY 2006

**Review Media Identifier:**  
**Review Referrals:** n/a  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** IRS ACTIVITIES IN THE BAHAMAS  
**TAGS:** EFIN, CFED, BF, IRS  
**To:** STATE  
**Type:** TE  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006